

Thank you to Congressman Buchanan, Representative for our 13<sup>th</sup> Congressional District, for inviting me and thank you to the members of the House Small Business Committee, Subcommittee on Finance & Tax, for allowing me to present my views on "The Effect of the Credit Crunch on Small Business Access to Capital." Special thanks to The Greater Sarasota Chamber of Commerce, where I am a member of the Board of Directors and Chair the Small Business Council, for helping me get here.

Sarasota, Florida, was named last month by Fortune Small Business Magazine as one of the 100 best places in America to live and launch a small business. The Greater Sarasota Chamber of Commerce, which represents 2,200 businesses -- of which 85% have 10 or fewer employees --is one of the top local chambers in the state and nation. Sarasota's health and educational systems are also among the finest around. We are known worldwide for our pristine and award- winning beaches and a creative class that brings visitors and audiences from around the world to our All-American County.

I, like many other small business owners, have been watching as the real estate market crashes, foreclosures escalate, jobs are lost, the stock market fluctuates, and many small businesses close their doors. So many of us have what is called "soft collateral" which means banks, etc., do not want to loan us money even when the market is good. Because of this, most small business owners

(more than 99 per cent of all employers in the United States) have had to rely on their equity in real estate they own... I, myself, included. We are accustomed to this; however, with the real estate market decreasing so dramatically, many of us have lost this ability due to no equity being left in our property or because we cannot qualify for a home equity loan through our banks. In other words, some of us have no way to turn for relief. So what do we do? Do we give up our dream and something that some of us have built for years or look at the only thing left: our retirement plans? Of course, if we use our retirement plans, we prematurely suffer tax consequences, so perhaps we turn to our credit cards. Either way, its deadly.

The crunch is especially painful in Sarasota which, along with many other areas in Florida, is facing an economic downturn in one of its primary markets: real estate and construction. In our residential real estate sector, we have an inventory in excess of 18 months and prices have dropped 25 per cent from a year ago. Needless to say, jobs have plummeted. Sarasota, itself, has lost more than 7,000 jobs in the past year with more than 13,000 jobs lost and families affected in our immediate area. Our unemployment is far worse than the rest of the state and is approaching 6 per cent. Forecasts call for Florida's employment numbers to continue a downward trend through 2009. From all indications, Sarasota seems destined to continue to lead the way unless the tables turn.

And the cost of healthcare for an aging population, of which Florida leads the nation, continues to grow at a staggering pace. We also are among the top states in the nation in the number of uninsured. We have more than 1 in 6 people in Sarasota County without healthcare coverage and many of these people – more than 45,000 -- are hard-working owners and employees of small business.

As the dream of a comfortable retirement turns into a nightmare, we see 85 per cent of our retirement-aged Sarasota Chamber members respond to a recent survey that they will “never” retire or that retirement is more than 10 years away. What jobs do we need our small businesses, our country’s main economic engine, to create now to sustain our economy for the next 40 years? How will we create a business-friendly atmosphere to generate jobs and bolster our economy as we increasingly play on a global platform? The answers have yet to materialize.

In Sarasota, another key industry is tourism, made up chiefly of small businesses with seasonal cash flow and credit needs. Our Chamber works hard with other local players to attract visitors, both domestic and international, to our beautiful area. We are increasingly reaching out to promote ourselves worldwide with a special emphasis on Canada and Latin America in this hemisphere and Western Europe – especially the colder countries – abroad.

So what do we want, need and expect from our representatives in our nation’s capital as we work to overcome these challenges and seek to identify opportunities?

Please give priority to meaningful tax reform and hold the line on tax increases in income, capital gains and estate taxes while the reform debate ensues to allow small business owners an opportunity to grow our businesses, our communities and our legacies which will stimulate our sluggish economy.

At the same time, please enact business-friendly initiatives such as tax incentives for businesses who want physical and job expansion. While SBA loans are important, the program does not provide anywhere near the total solution. Please consider tax incentives to banks to expedite small business loans to relieve the pressure on our free market economy. The revenue that might be lost in creating such incentives should be more than offset by the positive impact it will create in taxable income/revenue generated by businesses who succeed, rather than fail.

Regarding global commerce, it is important to our economy as a nation, in Florida and very much so in Sarasota to be a “go to” place for international visitors who will become our friends and business partners. Please work to balance our need for security with our need to welcome visitors and investors from abroad to our magnificent country.

Please continue to work towards lowering the cost of health insurance by passing legislation to allow small businesses to band together in associations and negotiate lower rates with insurance companies.

And please continue to help small businesses work through the Federal government's complex procurement process. We thank you for your effort thus far, but government agencies are still not reaching their goals, according to our U.S. Chamber of Commerce, for contracting with small businesses, particularly as prime contractors.

We also thank you for your support for legal liability reform and look with interest and hope that such proposed legislation will be enacted so as to curb unfounded and unfair lawsuits which are increasingly threatening the ability of retailers and sellers to run their businesses and contribute to their communities.

And, very importantly, please do not over-regulate. We entrepreneurs are a proud lot. We do not want a "hand out." We want a "partnership" and will work tirelessly with you on solutions to the challenges we face together.